

**MINUTES OF THE COMMITTEE  
ON  
BANKING AND FINANCIAL SERVICES**

Wednesday, June 15, 2005

10:30 a.m.

Room 327 House Office Building

The House Standing Committee on Banking And Financial Services was called to order by the Chair.

Members present: Reps. Robertson, Green, Huizenga, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.

Members absent/excused: None.

Representative Hune moved to approve the minutes of the June 8, 2005 meeting. Representative Dillon supported the motion. There being no objection, the motion prevailed by unanimous consent.

The Chair laid HB 4834 before the committee.

**HB 4834 McConico** Financial institutions; other; regulation and licensing of deferred presentment service providers and transactions; provide for.

Lorray Brown of the Michigan Advocacy Project testified in opposition to the bill. Ms. Brown also submitted written testimony. Questions and discussion among committee members followed.

Korey Hall of the Detroit NAACP testified in opposition to the bill.

Megan Owens of the Public Interest Research Group In Michigan testified in opposition to the bill.

Philip Locke of the Michigan Financial Services Centers Association submitted a card in support of the bill, but did not wish to testify.

Paul Stankewitz of the Michigan Catholic Conference submitted a card in opposition to the bill, but did not wish to testify.

The Chair announced at 10:53 a.m. that the meeting would be recessed at the call of the Chair.

The Chair reconvened the meeting at 11:13 a.m. The attendance roll call was taken to establish a quorum.

Representative Mayes offered the following amendments to HB 4834:

1. Amend page 23, line 5, after "check." by striking out the balance of the line through "violation." on line 6 and inserting "You may also pursue an action for your actual damages against

us.".

2. Amend page 28, line 17, after "subsection" by striking out the balance of the line through "act" on line 18 and inserting "may be subject to a civil action under section 53".

3. Amend page 40, following line 13, by inserting:

"Sec. 53. In addition to any restitution paid by the licensee, a person injured by a licensee's violation of this act may maintain a civil cause of action against the licensee and may recover actual damages and reasonable attorney fees. Either a licensee or the injured person may request arbitration before pursuing a civil cause of action.".

Representative Mayes moved to adopt the amendments. Representative Clemente supported the motion. Questions and discussion among committee members followed. **The motion prevailed 9-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Huizenga, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Dillon offered the following amendments to HB 4834:

1. Amend page 26, line 5, after "33(1)" by inserting "or 35(2)".

2. Amend page 27, following line 7, by inserting:

"(2) If a debtor enters into a third consecutive deferred presentment service transaction, the licensee shall provide the drawer an option to repay that transaction and each consecutive transaction pursuant to a written repayment plan subject to the following terms:

(a) The drawer shall request the repayment plan, either orally or in writing, within 30 days after the due date of the loan.

(b) The drawer shall repay the transaction in 3 equal installments with 1 installment due on each of the next 3 dates on which the drawer receives regular wages or compensation from an employer, pursuant to a written repayment plan agreement.

(c) The drawer shall pay \$15.00 to the licensee for administration of the repayment plan.

(d) The drawer shall agree not to enter into any additional deferred presentment transactions during the repayment plan term." and renumbering the remaining subsections.

Representative Dillon moved to adopt the amendments. Representative Clemente supported the motion. Questions and discussion among committee members followed. **The motion prevailed 9-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Huizenga, Hune, Palsrok, Hunter, Dillon, Clemente,**

**Mayes.**

**Nays: None.**

**Pass: None.**

The Chair announced at 11:27 a.m. that the meeting would be recessed at the call of the Chair.

The Chair reconvened the meeting at 3:45 p.m. The attendance roll call was taken to establish a quorum.

Representative Green offered the following amendment to HB 4834:

1. Amend page 8, line 4, after "in" by inserting "an interest bearing account in".

Representative Mayes moved to adopt the amendment. Representative Hune supported the motion.  
**The motion prevailed 8-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Clemente offered the following amendments to HB 4834:

1. Amend page 12, line 12, after "Sec. 21." by striking out "(1)".
2. Amend page 12, line 17, by striking out all of subsection (2).

Representative Mayes moved to adopt the amendments. Representative Hune supported the motion.  
**The motion prevailed 8-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Palsrok offered the following amendment to HB 4834:

1. Amend page 30, line 11, after "transaction," by striking out the balance of the line through "transaction" on line 13 and inserting "either delivers to the licensee cash in an amount equal to the amount the drawer received if the drawer received cash in the transaction or returns to the licensee the licensee's check the drawer received if the drawer received a check from the licensee in the transaction".

Representative Palsrok moved to adopt the amendment. Representative Dillon supported the motion.

**The motion prevailed 8-0-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Hune offered the following amendments to HB 4834:

1. Amend page 8, line 3, after "licensee." by inserting "An office employee who travels under this subsection shall comply with all travel regulations and rate schedules currently in effect for the reimbursement of expenses incurred by classified state employees in connection with official state business.".

2. Amend page 12, line 10, after "licensee." by striking out the balance of the subsection.

Representative Hune moved to adopt the amendments. Representative Clemente supported the motion. **The motion prevailed 8-0-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Robertson offered the following amendment to HB 4834:

1. Amend page 6, line 5, after "licensee" by inserting a comma and "determined in accordance with generally accepted accounting principles".

Representative Green moved to adopt the amendment. Representative Clemente supported the motion. **The motion prevailed 8-0-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Mayes moved to reconsider the vote by which the Mayes amendments were adopted. Representative Palsrok supported the motion. **The motion prevailed 8-0-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Mayes moved to withdraw the Mayes amendments. There being no objection, the motion prevailed by unanimous consent.

Representative Mayes offered the following amendments to HB 4834:

1. Amend page 23, line 5, after "check." by striking out the balance of the line through "violation." on line 6 and inserting "You may also pursue an action for your actual damages against us.".

2. Amend page 28, line 17, after "subsection" by striking out the balance of the line through "act" on line 18 and inserting "may be subject to a civil action under section 53".

Representative Mayes moved to adopt the amendments. Representative Hune supported the motion. **The motion prevailed 8-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Mayes offered the following amendment to HB 4834:

1. Amend page 40, following line 13, by inserting:

"Sec. 53. A person injured by a licensee's violation of this act may maintain a civil cause of action against the licensee and may recover actual damages and an amount equal to the service fee paid in connection with each deferred presentment service transaction that is found to violate this act, plus reasonable attorney fees.".

Representative Mayes moved to adopt the amendment. Representative Palsrok supported the motion. **The motion prevailed 8-0-0.**

#### **FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

Representative Robertson offered the following amendments to HB 4834:

1. Amend page 22, line 1, after "for" by striking out "loan" and inserting "database".

2. Amend page 22, line 2, after "34(5)" by striking out the balance of the subdivision and inserting "and for the licensee's cost of complying with this act. An additional amount charged under this subdivision shall not exceed \$5.00.".

Representative Palsrok moved to adopt the amendments. Representative Hune supported the motion.

**The motion prevailed 5-3-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter.**

**Nays: Reps. Dillon, Clemente, Mayes.**

**Pass: None.**

Representative Palsrok moved to report HB 4834 with recommendation as amended, as substitute (H-1). Representative Green supported the motion. **The motion prevailed 8-0-0.**

**FAVORABLE ROLL CALL**

**Yeas: Reps. Robertson, Green, Hune, Palsrok, Hunter, Dillon, Clemente, Mayes.**

**Nays: None.**

**Pass: None.**

There being no further business before the committee, the Chair adjourned the meeting at 4:04 p.m.

**Representative David Robertson, Chair**\_\_\_\_\_

Dan Stump, Committee Clerk

House Banking And Financial Services Committee, (517) 373-5795